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Honorable William Campbell, Chairperson
Joint Legislative Budget Committee

Honorable Alfred E. Alquist, Chairperson
Senate Committee on Budget and Fiscal Review

Honorable John Vasconcellos, Chairperson
Assembly Ways and Means Committee

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1988-89 BUDGET INFORMATION

Consistent with the agreement reached between the Governor and the Leadership of the Legislature, the following is additional information regarding the 1988-89 General Fund budget. This information should assist the budget conference committee in its work.

DEPARTMENT OF THE YOUTH AUTHORITY

General Fund savings of $2,140,000 will occur due to a lower than expected ward population and additional reimbursements for federal wards housed in State facilities. This will eliminate the need for the $701,000 deficiency anticipated in the Governor's Budget and produce additional savings of $1,439,000 from the July 1, 1988 budget level.

DEPARTMENT OF CORRECTIONS

The Department expects General Fund savings of $2,500,000 in the psychiatric services contract with the Department of Mental Health. This will reduce the Department's current year deficiency to $27,604,000, General Fund. In addition, the Department has undertaken various cost avoidance measures to produce the savings necessary to absorb the estimated $7.1 million cost of the recent dramatic increase in inmate population for the remainder of the current year.

DEPARTMENT OF HEALTH SERVICES - MEDI-CAL

The Medi-Cal program usually schedules 48 payments to providers (checkwrites) during the course of a fiscal year. The final appropriation for 1988-89 included savings based on deferring the final checkwrite from June 23, 1989 until July 6, 1989. The May 1989 Medi-Cal Estimate reflects savings of $31.7 million in 1988-89 from this deferral. It is now proposed to restore this checkwrite to the originally scheduled date of June 23, 1989, which will increase 1988-89 expenditures $31.7 million. (The federal fund amount is also $31.7 million.)

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CALIFORNIA CHILDREN'S SERVICES

Los Angeles County has recently fully automated its claims processing system for CCS which has allowed it to be more timely in claims payment. In addition to the current claims, Los Angeles County has also paid out of its current year appropriation approximately $6 million for backlogged claims from previous fiscal years. Los Angeles County has already spent its entire current year appropriation, and has recently appropriated an additional $1.55 million in county funds for the remainder of this fiscal year. Because the program is funded 75 percent from State/federal funds and 25 percent from county funds, this new county appropriation will require an additional $4.6 million in State/federal matching funds. DHS estimates that $2 million in State funds will be available from unexpended funding allocated to other CCS counties with a remaining need identified at $2,589,000.

DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services' General Fund expenditures will increase by $24,579,000. This is the amount appropriated by Chapter 6, Statutes of 1989 (SB 50). This bill requires the Department of Finance to report, as part of the May Revision, whether sufficient additional uncommitted General Fund resources are available and to allocate such funds to cover the cost of Targeted Case Management.

UNIDENTIFIED SAVINGS

As a part of the May Revision process, a major portion of budgeted unidentified savings have been identified and allocated to specific programs. The more significant savings were attributable to:

o Department of Health Services - Caseload	$82.5M
o Department of Social Services - SSI/SSP Caseload	$20.7M
o Department of Social Services - Social Services Programs	$75.3M

Because a major portion of the savings have now been identified and reported to the Legislature, the current year budgeted item for unidentified savings has been reduced by $100 million. The effect of this action leaves the unidentified savings balance at $106.2 million for the current year.

If you have any questions or need additional information regarding this matter, please call Stan Stancell, Assistant Director, at 445-8610.

JESSE R. HUFF
Director of Finance

cc: Honorable William Baker, Vice Chairperson, Assembly Ways and Means Committee
Honorable John Seymour, Vice Chairperson, Senate Committee on Budget and Fiscal Review
Honorable Ross Johnson, Assembly Minority Leader
Honorable Ken Maddy, Senate Minority Leader
Honorable Terry B. Friedman, Chairperson, Assembly Ways and Means Subcommittee No. 1
Honorable Robert Campbell, Chairperson, Assembly Ways and Means Subcommittee No. 2
Honorable Jack O'Connell, Chairperson, Assembly Ways and Means Subcommittee No. 3
Honorable Maxine Waters, Chairperson, Assembly Ways and Means Subcommittee No. 4
Honorable Mike Roos, Chairperson, Assembly Ways and Means Subcommittee No. 5
Honorable Steve Clute, Chairperson, Assembly Ways and Means Subcommittee No. 6
Honorable Nicholas Petris, Chairperson, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Rose Ann Vuich, Chairperson, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Bill Greene, Chairperson, Senate Budget and Fiscal Review Subcommittee No. 3
Honorable Alan Robbins, Chairperson, Senate Budget and Fiscal Review Subcommittee No. 4
Ms. Elizabeth G. Hill, Legislative Analyst (4)
Ms. Gail Greer Lyle, Executive Secretary, Commission on State Finance
Mr. Fred Silva, Chief Fiscal Adviser, Senate President pro Tempore's Office
Ms. Leslie Medina, Assistant to the Speaker, Assembly Speaker's Office
Mr. Lee Bennett, Staff Director, Senate Minority Fiscal Committees
Mr. Tim Gage, Chief Consultant, Assembly Ways and Means Committee
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